

Congress of the United States
Washington, DC 20515

January 18, 2008

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
Washington, DC 20515

Dear Madam Speaker:

I am writing to request adding to the economic stimulus legislation now being developed provisions dealing with the terms and conditions imposed on holders of credit cards. And in this regard, I submit that the provisions of H.R. 1461, the Credit Card Accountability Responsibility and Disclosure Act of 2007, would be appropriate for inclusion.

I introduced that bill in March, 2007, with Representative Cleaver and it has gained the support of 38 other cosponsors who share our view that requiring greater fairness and transparency is in the interest not just of the users of credit cards but also the many businesses that can benefit from their having more disposable income now absorbed by excessive credit card fees and charges.

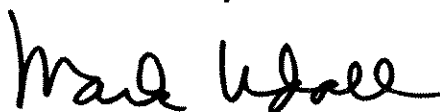
The bill is strongly supported by an array of consumer-advocate groups, as indicated in their attached letter of support. Among other things, it would –

- Require advance notice of any increase in a card's interest rate.
- Impose a freeze on interest rate terms and fees on canceled cards.
- Prohibit: (1) penalties for on-time payments; (2) fees for non-use of credit card; (3) over-the-limit fees for creditor-approved transactions; and (4) use by a credit card issuer of adverse information unrelated to a cardholder's account with that issuer in order to increase the APR under an open-end consumer credit plan.
- Require disclosure of: (1) repayment information regarding any outstanding balance; and (2) late payment deadlines, postmark dates, and any increase in interest for late payments.
- Increase the civil penalty against a card issuer failing to comply with specified requirements.

These are common-sense steps to stop abusive practices, educate cardholders, and stiffen the penalties for violations. I think their inclusion in economic-stimulus legislation would be an appropriate response to the effect current economic conditions are having on millions of Americans who hold and use credit cards for everyday purchases.

Thank you for your consideration of this request.

Sincerely,



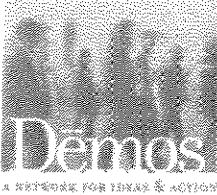
Mark Udall



Consumer Federation of America

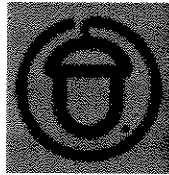


Consumer Action
Education and Advocacy Since 1971



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NATIONAL
COMMUNITY
REINVESTMENT
COALITION **NCRC**



**Consumers
Union**

The Honorable Mark Udall
U.S. House of Representatives
Washington, DC 20515

May 9, 2007

Dear Mr. Udall:

We are pleased to support H.R. 1461, the Credit Card Accountability, Responsibility and Disclosure Act of 2007.

This important legislation would help control anti-consumer credit card practices such as universal default and would require greater disclosure to consumers about interest rate hikes and fees. Consumers would have a way to prove the date that they mailed a payment, under the bill's excellent postmark provision.

HR 1461 would bar companies from charging fees or other penalties because a cardholder pays more than the monthly minimum, pays an existing account balance in full, or because a cardholder does not use the card. It would also enact new requirements for issuing credit cards to minors.

Many card issuers use anti-consumer practices such as astronomical rate hikes for consumers who make just one late payment to another creditor, an unfair practice called universal default. And many cardholders pay nearly \$40 if their payments are even one day late. Your legislation provides substantive protections for consumers against these unfair actions.

H.R.1461 would:

- Require advance notice of interest-rate increases, unless they are "variable" rates tied to a specific index or if they occur at the end of a promotional introductory rate period. This provision is

especially important because there is currently no requirement to notify cardholders before penalty or universal default rate hikes are applied. Consumers find out about penalty increases and universal default rate hikes only if they notice the higher rate on their billing statements.

- Give cardholders the right to “opt out” of the higher interest rates or other adverse change in terms. Cardholders who reject the change, will have the right to close the account and pay off the balance over time at the former rate. This would be an important, new federal protection not currently available to cardholders.
- Freeze rate and terms. The remaining balance will be subject to the terms and conditions that applied at the time of cancellation, before any rate increase takes effect. By allowing consumers to elect to freeze the interest rate and fee terms on a closed card, there will be less opportunity for the balance to spiral out of control due to higher interest rates on existing balances and new purchases, and the possibility of continued, compounding over-the-limit fees.
- Provide a minimum payment warning. Your legislation contains a provision that cardholders be told what monthly amount they must pay to eliminate their outstanding balance in 36 months. This timely and personalized disclosure would help inform credit cardholders about how long it would take to pay off revolving balances. Cardholders who are given personalized information every month about their debts are more likely to pay down revolving credit card debt. Combined with additional protections against abusive credit card lending, this provision will help families develop a plan to get out of debt.
- Require postmarks as proof of on time payment. Your bill requires not only that cardholders be given clear notice of fees, charges or APR increases resulting from late payments, but it also adds an innovative new postmark provision. Cardholders would be provided with a date when a mailed payment must be postmarked in order to avoid fees, charges or increased interest rates. This would give cardholders a way to prove that their payments had been mailed on time and close a loophole that allows issuers to credit on-time payments after the due date.
- Protect due date for in-person payments. You have also added a protection ensuring that if a card issuer accepts payments in person at a branch or other place of business, payments made at least one day before the due date would incur no late payment penalties. This is an important provision because many large national retail banks that issue credit cards, such as Bank of America, Citi and HSBC, also have convenient branches at which customers who have missed the postmark date may make a timely in-person payment.
- Prohibit certain over-limit fees. Your legislation would not allow over the limit fees if the issuer has authorized that charge. By processing charges that exceed the credit limit, instead of rejecting them at the time of verification, banks reap repeated additional monthly profits from a situation they could have easily controlled.
- Bar use of “universal default” clauses. These unfair and deceptive provisions allow card issuers to impose a new, significantly higher interest rate if there has been any change for the worse in the cardholder’s credit score—even if the change is unrelated to the cardholder’s performance on the credit card account. Using credit scores, which rely on often-inaccurate credit reports, as the basis for triggering a penalty rate, adds another layer of concern. Universal default rate hikes have been

imposed on cardholders for paying even a utility bill late. Yet there is little evidence to suggest that paying one bill late will increase the chance of default to other creditors.

We are pleased that you saw fit to increase the amounts that card issuers might have to pay to people who are injured by violations of the rules. This provision is especially important because penalties for violating the law have stagnated since 1968 and currently do not provide an adequate deterrent to prohibit abuse by card issuers.

For practical purposes, most credit card companies don't issue primary credit card accounts to youth under 18 because they cannot be bound by contracts. However, under your proposal, issuers who deviate from this practice would be required to obtain proof that potential cardholders have the means to repay the debt, a parent or guardian willing to co-sign the card, or proof that they have completed certified credit counseling courses.

We appreciate your leadership. You took a bold step to introduce the first credit card consumer protection legislation in the 110th Congress. The undersigned are pleased to support H.R. 1461, the Credit Card Accountability, Responsibility and Disclosure Act of 2007.

Sincerely,

Travis B. Plunkett
Consumer Federation of America

Edmund Mierzwinski
U.S. Public Interest Research Group

Josh Nassar
Center for Responsible Lending

Linda Sherry
Consumer Action

Cindy Zeldin
Demos: A Network for Ideas & Action

Ira Rheingold
National Association of Consumer Advocates

Gail Hillebrand
Consumers Union

Brenda Muniz
ACORN

David Berenbaum
National Community Reinvestment Coalition

CC: The Honorable Emanuel Cleaver